

Call to Order

Chair Moffitt called the meeting to order at 7:01p.m and initiated roll call. Through video conferencing mode, present were Chairperson Eugenie Moffitt-Y, Paul Russo-Y, Andrew Betts-Y, Spiro Christopoulos-Y, Linn Anderson-Y, Mary Ellen Logee-Y, John Barry-Y, Paul Monticciolo-Y and Bojay Taylor-Y. Also present were the Town Manager, Austin Simko, Town Clerk, Donna Walsh, Finance Director, Patrick Lawlor, Assistant Town Manager, Police Chief Keefe, Fire Chief Mansfield, Janet Nicosia, Director of Plant and Facilities, Barbara McNamara, Library Director, Paul Puzzanghera, IT Director, Christopher Cronin, DPW Director and Jemma Lambert, Director of Community Services. The meeting was videotaped and live cablecast.

FY2020 Budget and Revised FY2021 Revised Budget – Town Manager

The Town Manager presented his FY20 and FY21 revised balanced budget, noting that he had assembled a group of department heads to consider the best way to move ahead with the revised budgetary process to reconcile the revenue shortfall while preserving and maintaining services (see powerpoint presentation.) Department heads were present at this meeting to answer questions.

His presentation included an overview of the anticipated revenue shortfall of \$6.2M and a modified spending plan. The projected revenue shortfall is expected to come primarily from reduced state aid and local receipts. He discussed the principles that went into the modified spending plan as well as: a) the anticipated revenue shortfall detail; b) addressing the revenue shortfall; c) deficit reconciliation; d) summary of changes by department; e) summary of changes by funding source; f) updated composition of Article 5 – Capital Projects Funds; g) free cash projects; h) general fund borrowing projects; i) budget planning summary; and j) planning for the worst and comparison of assumptions to recession of 2009-2011(see attached powerpoint presentation.) Discussion ensued including the following highlights:

Article 4 – Operating Budget

Discussion ensued on the proportionate reduction in the town and school budgets. The Town Manager reported that he had requested of the School a reduction of \$806K and this did in fact reflect a proportionate reduction. If there are additional reductions, the question was posed on the percentage impact of each \$150K on taxes—he replied from 4.6 to 4.5%. He also reported that contract negotiations in this unprecedented time would focus on the circumstances and impact of the present crisis into the future. There is no reduction of full-time staff planned at this time; however, in the event staff reductions are required, the process for contract negotiations would be followed. Ms. Moffitt asked that the School be present at the FinCom’s next meeting with an itemized breakdown of the \$806K.

Article 5 – Capital Improvement Program

Discussion ensued on the Town Manager’s recommended authorization to vote the entire appropriation of \$1.1M but delay the expenditure of \$900K until the results of state aid are known and the expenditure authorized. The committee discussed the alternative of waiting to appropriate the sum of \$900K until a special fall town meeting at which time state aid would in fact be known. The Town Manager felt strongly that increasing excess levy capacity would jeopardize our bond rating and cost more in the end. He thought it crucial that the taxpayer know the full impact to their tax rate at this time in order to prepare for the new “norm.” Also excess levy capacity would

increase the risk of private articles' expenditure. See additional detail below under "Pension Funding and Excess Levy Capacity."

Residential Property Taxes

Discussion ensued on the impact of anticipated and rising numbers of unemployment leading to a shortfall in property tax collection. Ms. Anderson quoted statistics reported by the Pioneer Institute showing 21.8% and 4,280 Andover residents unemployed as of May 2, and 23.0% and 4,498 residents unemployed as of May 9. The Town Manager reported that at the beginning of the crisis, first quarter of 2020, tax collection was 98-99% collected, and property tax collection remained strong in the three years following the recession of 2009-2011. In consideration of the present crisis over a three-year period, the Town Manager also reported that the five-year budget structure is built to withstand this emergency crisis shortfall of \$6.2M and continue through next year. Historic new growth was put into reserves. The Town Manager stated that the only way to provide property tax relief would be to increase excess levy capacity, and he was reluctant to do that in that it would increase the uncertainty to the taxpayer for future increases.

He also noted that many communities comparable to Andover are preparing to hold safe town meetings for the purpose of voting overrides to their budgets. Conversely, Andover is "weathering" the storm because we are prepared and the financial structure remains intact.

Nevertheless, the committee expressed concern there still remain many unknowns and not enough data is available at this time. Also, it was pointed out that that present revenue categories do not include property tax and that a more conservative approach, given the unknowns including a second wave of COVID-19, is needed.

Commercial Business

Discussion ensued on the impact on commercial property owners' tax obligations in order to forgive rent obligations of their tenants. The Town Manager reported that property tax relief to commercial property owners was not available to the town. In other communities this is possible through the passage of the Community Preservation Act. He reported that business activity in Andover was strong in that previous projects in the pipeline are going forward, and inquiries for new business opportunities are being received.

Support of Restaurants

Discussion ensued on the financial impact on restaurants. The Town Manager reported that efforts to support restaurants include i) through the outreach of Mr. Materazzo and Ms. Ormond technical assistance was available to them through state and federal grant relief programs. Also planning was underway to transform downtown outdoor spaces for increased capacity of restaurant services up to 30-50%. Additionally, the remaining \$2.0M in Columbia Gas relief monies for discretionary community support will be used to support the existing downtown as well as in the recruitment of new downtown restaurants. He stated that 980 new seats within the last eighteen months have been realized between downtown and West Andover.

Unfunded Liability

Discussion ensued on the impact of the volatility of the market on the retirement pension fund, pension reform and a more realistic discount rate. The Town Manager commented that pension reform would affect future employees not present employees. Reflecting on past history, during the last recession, the fully funded pension date was moved forward, but he had no knowledge at this time whether or not the 2040 fully funded date would again be moved forward.

Pension Funding and Excess Levy Capacity

The Town Manager presented an analysis of pension funding and excess levy (see attached powerpoint presentation.) The Town Manager stated that the town could lose its AAA rating from Standard and Poor's rating agency if the town did not use excess levy capacity toward reducing its unfunded liability. The impact of increasing excess levy capacity would actually cost the taxpayer more money in that the cost of borrowing would increase (see attached powerpoint presentation.)

Discussion ensued on maintaining the \$1.7M toward unfunded liability. Ms. Moffitt stated she had received many resident phone calls in consideration of the tax rate during this crisis. The Town Manager reiterated that it was either \$93/family at this time or potentially \$800+ into the future.

Feedback from the department heads included Ms. Nicosia's statement that long-term methodical plans for maintenance of buildings had been in the works for several years and delays would not only negatively degrade the infrastructure but would result in more resident demand for services, especially from parents of students. Ms. Lambert also stated that ignoring long-term issues would result in more demand for services among the most vulnerable of residents that she serves. Both Chiefs Mansfield and Keefe said that the present budget revisions do not compromise safety of the community in any way.

FinCom Report and Letter

Ms. Anderson reviewed the progress of the report and letter still very much in "flux." She asked for feedback from the members as drafts are circulated.

Tentative Next Meetings

Tuesday, May 26 @ 6:00PM

Wednesday, May 27 @ 7:00PM

Mr. Lawlor to confirm meeting times with Ms. Moffitt

Approval of Minutes - Budgetary Meeting – March 7, 2020

Upon motion duly made by Mr. Russo and seconded by Mr. Barry, it was unanimously voted to approve above minutes. Chair Eugenie (Janie) Moffitt-Y, Linn Anderson-Y, Paul Russo-Y, Andrew Betts-Y, Mary Ellen Logee-Y, John Barry-Y, Bojay Taylor-Y, Spiro Christopoulos-Y and Paul Monticciolo-Y. Motion passed 9-0.

Approval of Minutes - March 30, 2020

Upon motion duly made by Ms. Anderson and seconded by Mr. Barry, it was unanimously voted to approve above minutes. Chair Eugenie (Janie) Moffitt-Y, Linn Anderson-Y, Paul Russo-Y, Andrew Betts-Y, Mary Ellen Logee-Y, John Barry-Y, Bojay Taylor-Y, Spiro Christopoulos-Y and Paul Monticciolo-Y. Motion passed 9-0.

Approval of Minutes – April 29, 2020

Upon motion duly made by Ms. Anderson and seconded by Mr. Barry, it was unanimously voted to approve above minutes. Chair Eugenie (Janie) Moffitt-Y, Linn Anderson-Y, Paul Russo-Y, Andrew Betts-Y, Mary Ellen Logee-Y, John Barry-Y, Bojay Taylor-Y, Spiro Christopulos-Y and Paul Monticciolo-Y. Motion passed 9-0.

Approval of Minutes – May 6, 2020

Upon motion duly made by Ms. Anderson and seconded by Mr. Barry, it was unanimously voted to approve above minutes. Chair Eugenie (Janie) Moffitt-Y, Linn Anderson-Y, Paul Russo-Y, Andrew Betts-Y, Mary Ellen Logee-Y, John Barry-Y, Bojay Taylor-Y, Spiro Christopulos-Y and Paul Monticciolo-Y. Motion passed 9-0.

Other Business

Ms. Anderson suggested sending questions on the budget by email to Janie/Christine for followup by Town Manager at next meeting

Adjournment

Upon motion duly made by Ms. Anderson and seconded by Mr. Barry, it was unanimously voted to adjourn. Chair Eugenie (Janie) Moffitt-Y, Linn Anderson-Y, Paul Russo-Y, Andrew Betts-Y, Mary Ellen Logee-Y, John Barry-Y, Bojay Taylor-Y, Spiro Christopulos-Y and Paul Monticciolo-Y. Motion passed 9-0. The meeting adjourned at 8:40PM.

Respectfully submitted,

Christine Martin Barraford
Recording Secretary

Attachments:

*Town Manager's Budget Presentations
Minutes of March 7, 30, April 29 and May 6, 2020*